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WOOL CONDITIONS THROUGHOUT WORLD
APPROACH PREWAR BASIS.

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Present World Prices Exceed Prewar Level -
Stocks Light in Consuming and Heavy in
Producing Countries.

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REVIEW OF WORLD WOOL SITUATION SHOWS
CONDITIONS APPROACHING PREWAR BASIS.

Stocks of Government Held Wools Decreasing -
Present World Prices Exceed Prewar Level--Stocks
Light in Consuming and Heavy in Producing Coun-
tries.

A great many of the wool importing countries of the world are now practically on a prewar consuming basis and raw stocks are being converted into finished goods at almost a normal rate. It is estimated that while the stocks of unsold fine wool throughout the world are less than at any time in recent years the stocks of medium and low wools have increased slightly. At the beginning of 1920 there were on hand not only the privately owned stocks but also the large accumulations of wool belonging to the governments of the United States and Great Britain. Since that time there has been an appreciable decrease in these stocks.

- Government Holdings Decrease -

The holdings of the United States Government from December 31, 1920, to December 31, 1921, show a decrease of 80 per cent while the holdings of the British Government or the B.A.W.R.A. from August 31, 1920, to December 31, 1921, show a decrease of 33.2 per cent. Government holdings in the United States on December 31, 1920, were approximately 100,000,000 lbs., the equivalent of 300,000 bales when converted into Australasian bales which average 330 lbs., compared with 19,000,000 lbs. or 60,000 bales on December 31, 1921. The B.A.W.R.A. stocks of Australasian wool on August 31, 1920, amounted to 2,708,000 bales, as compared with 1,809,000 bales on December 31, 1921, a decrease of 818,000 bales. Table I, accompanying this article shows the quantities of wool held by the British Australian Wool Realization Association expressed in bales of 330 lbs. each on August 31 of 1919, 1920 and 1921 compared with the quantities held on December 31, 1921. In this table the 1921 figures do not include the quantities in growers' hands as in the case of the figures for August 31, 1919 and 1920, when the B.A.W.R.A. controlled all of the wool in Australasia. Therefore, though stocks held by this Association on December 31, 1921, show a decrease from stocks previously held the present entire Australasian holdings including the wool in growers' hands are considerably higher because of the new 1921-22 clip mentioned later.

The entire stocks of Australasian wool on August 31, 1920, amounted to 2,708,554 bales, as indicated in Table I. Adding to this figure the 1920-21 Australian clip of 1,600,000 bales and the New Zealand clip of 590,000 bales it will be seen that the total stocks available for consumption and export in Australasia around the first of the year 1921 amounted to approximately 4,898,000 bales. Deducting from this quantity the 1,761,000 bales exported from Australia and the 550,000 bales exported from New Zealand during the period September 1920 to November 30, 1921, and the total wool consumption in Australasia from July 1, 1920, to June 30, 1921, estimated at 106,552 bales, a fairly accurate idea as to total stocks in Australasia on November 30, 1921, can be gained. By this method of calcu-

lation the Australasian holdings on the date mentioned amounted to approximately 2,400,000 bales.

The 1921-22 Australian clip has been officially estimated at 1,900,000 bales and the New Zealand clip at 520,000 bales, a total of 2,420,000 bales for all of Australasia.

Wool stocks in the central markets of South America on January 1, 1922, were estimated at approximately 37,000,000 lbs. compared with about 40,000,000 lbs. for the corresponding date in 1921.

The supply of fine grades of wool in South Africa is not sufficient to meet the demands. In fact, if the present demand is maintained the stocks of these grades will be entirely exhausted within two months.

PRESENT PRICES EXCEED PREWAR LEVEL.

World prices throughout 1921 were irregular. There was continued demand for fine wool which was reflected by the increase in prices for that grade during the latter part of the year. At the close of the year 1921, Merinos were selling in London 30% higher while medium and coarse cross breeds were 40% lower than the July 1914 prices. While the present world prices seem low compared with those prevailing during the war period yet they are higher than prewar prices as is shown by the following table giving, for the years indicated, the average December prices per lb. on a scoured basis of the wools mentioned.

	1900 December (1)	1910 December (1)	1919 December (2)	1920 December (3)	1921 December (4)
	(cents)	(cents)	(cents)	(cents)	(cents)
Buenos Aires	.29	.44	1.50	.49	.52
South Africa	.27	.41	1.21	.41	.40
Australasian:					
Fine .....	.30	.46	1.47	.65	.61
Medium.....	.23	.33	.62	.28	.18
Coarse.....	.19	.27	.45	.19	.15
UNITED STATES:					
Ohio, Delaine	.59-1/2	.68	2.19	1.13	.90-1/2
" 1/4 Blood	.47-1/4	.52-1/2	1.15-3/4	.51	.49

- (1) Buenos Aires, South African and Australasian prices originally quoted in pence but here converted to United States currency at par value of English exchange.
- (2)(3)(4) Buenos Aires, South African and Australasian prices for 1919, 1920 and 1921 converted to exchange prevailing on Dec. 15 of year mentioned when the exchange values of the English pence were as follows:

Dec. 15, 1919 - 1d - \$0.015;
Dec. 15, 1920 - 1d - \$0.014;
Dec. 15, 1921 - 1d - \$0.017.

The total wool production of the world during pre-war years was no more than needed to meet the world's requirements; as a result the world was not confronted with large surpluses. With increased requirements, however there was no noticeable attempt to increase production in the same proportion. While this would ordinarily cause a shortage the inadequate facilities for wool distribution during the war to consuming countries for civilian uses and the Governments' holdings for military purposes, resulted in large stocks accumulating toward the end of the war period. With the sudden ending of the war came the release of large supplies for civilian purposes which would otherwise have been absorbed for military purposes. The civilians took advantage of this opportunity to purchase until their purchasing power was reduced, due to economic causes, to such a point as to prohibit them from continuing this active buying. As the result of this restricted consumption the supply was temporarily larger than the demand which caused a collapse in the world wool markets and caused prices to fall to extreme low levels.

The present sheep population of the world is only about 90% of the 1913 population. The world pre-war production based on yearly figures for the 5-year period 1909-13, inclusive, was 3,152,000,000 lbs. From all reports it is probable the production during the present season will be less than 3,000,000,000 lbs. Table II accompanying this article gives an estimate of the average annual pre-war wool production of the world as compared with the estimated production for 1920 and 1921. The statistics were compiled by the Textile Division of the Department of Commerce from Government estimates and other sources. Production in the United States decreased from 250,000,000 lbs. in 1919 and 235,000,000 in 1920 to 224,000,000 lbs. in 1921. These figures are exclusive of pulled wool.

- Stocks Light in Consuming but Heavy in Producing Countries. -

Poor distribution during the war was the chief factor in causing the accumulation of large stocks after the war. Countries which normally used wool continually and in large quantities were entirely cut off from sources of supply. The Central Empires were effectively blockaded while the German submarine campaign prevented the shipment by sea of the usual quantities. This situation continued for more than two years and automatically reduced consumption in many countries. At the present time a large part of the world's population is unable to secure sufficient raw material to satisfy demand because of the unstable conditions throughout the world. This is largely accounted for by the difference in exchange rates between countries, for as soon as the exchange of any one country decreases in value its purchasing power is proportionately curtailed. While large stocks exist in practically all the leading wool-producing countries of the world, the supply in the principal consuming countries is less than recorded for some time. Although this does not indicate that all spindles are operating to their fullest extent, it does show, however, that satisfactory progress is being made in the wool textile manufacturing industry throughout the world.

Stocks of wool in the United States are probably lighter than in a decade. The stocks of fine wools are exceedingly light. Wools of all kinds, however, are not in plentiful supply. Consumers continue to show preference for fine although prices for all grades increased during the latter part of 1921. The manufacturers are operating about equal to normal. The monthly rate of consumption as well, as the figures on active and idle wool textile machinery indicate this. During 1921 the consumption of Australasian wool exceeded the production of fine wool; this excess is said to be around 380,000 bales, while the production of medium and coarse cross breeds exceeded the consumption by about 55,000 bales.

The stocks of wool in Great Britain, France and Germany are also estimated to be lighter than for any period during the past ten years. Conditions in the textile industry of France are said to be very satisfactory. The worsted mills of that country are running to capacity and the finished goods are readily disposed of. The spinners hold orders for future delivery. However, the weaving mills are less favored.

Bradford top makers are refusing to accept orders for future delivery and in many cases are asking higher prices for new contracts for merino tops. Notwithstanding the activity in fine tops and yarns the low woolls, tops and yarns seem to be neglected regardless of the low prices quoted.

In Germany textile plants are running as fully as the supply of raw material will permit. Despite the handicaps caused by the fluctuation of the mark, it is reported the industry is well employed. Most of the wool used in Germany at present is coming from South America and the United Kingdom. Prior to the war Germany furnished the chief market for South American wool but that source of supply has been closed due to Germany's inability to secure credit there.

Conclusion.

The chief trouble in the wool trade of the world until recently was the large accumulation of stocks. Large stocks undoubtedly still exist but the chief difficulty now is getting the wool into consuming countries, such as Germany, Austria, Poland, and France, due to their inability to pay. There has recently been an improvement in prices throughout the world. The largest advances have been for the finer grades. Although prices for coarse wools have moved slightly upward in sympathy with the price movement for finer grades they are not an absolute indication of increased demand.

This advance in the price of the raw product will sooner or later be reflected in the price of the finished article. If the recent advances in the raw wool prices do not correctly reflect the consuming demand, then present prices are artificial. Therefore, if prices advance or are forced to an unreasonable level, the public will stop buying, which may precipitate another slump. Consumption in this country at present is practically back to a pre-war basis and stocks are comparatively light, especially of the finer wools. The tendency on the part of the manufacturer, not only in this country but also abroad, is to make use of the finer grades, which were purchased at high prices and only gradually make use of the lower grad.

TABLE I.

R.A.W.R.A. WOOL STOCKS.

	Aug. 31, 1919.	Aug. 31, 1920.	Aug. 31, 1921.	Dec. 31, 1921.
	Bales.	Bales.	Bales.	Bales.
Australian:				
Merino Combing ..	815,512	721,469	487,838	308,449
Clothing	225,159	130,725	74,420	67,470
Carbonising ...	155,190	97,330	70,771	44,230
Total-Merino	1,195,861	949,524	633,029	420,149
Crossbred Combing	415,988	675,681	566,359	508,381
Clothing	78,714	104,834	93,607	103,768
Carbonising ...	176,386	199,944	169,647	143,477
Total Crossbred..	671,085	980,459	829,613	755,626
Total, Australian	1,866,946	1,929,983	1,462,642	1,175,775
New Zealand:				
Merino	6,162	4,098	3,766	2,732
Crossbred (bulk combing):				
Fine	84,354	77,521	41,691	17,189
Medium	175,425	233,859	192,135	149,297
Low	210,005	160,017	193,137	210,874
Slipes	135,467	152,107	143,309	126,097
Scoured	135,959	150,969	141,314	127,864
Total New Zealand	747,373	778,571	717,382	634,053
GRAND TOTAL	2,614,318	2,708,554	2,180,024	1,809,828

TABLE II.

WORLD PRODUCTION ^a OF WOOL.

Countries.	Average annual	Production in -	
	pre-war produc-	1920.	1921.
	tion. b.		
	Pounds.	Pounds.	Pounds.
<u>NORTH AMERICA</u>			
United States	314,110,000	302,207,000	224,564,000
British North America	11,210,000	24,422,531	24,050,000
Mexico	7,000,000	750,000	500,000
Total	332,320,000	327,379,531	249,114,000
Central America and West Indies	1,000,000	750,000	750,000

WORLD PRODUCTION ^a OF WOOL, -CONT'D.

Countries.	Average annual pre-war pro- duction. ^b	Production in -	
	1920.	1921.	
	Pounds.	Pounds.	Pounds.
<u>SOUTH AMERICA</u>			
Argentina	358,688,000	308,560,000	286,000,000
Brazil	35,000,000	27,000,000	27,000,000
Chile	17,430,000	33,069,000	23,069,000
Peru	9,940,000	9,420,000	12,000,000
Falkland Islands	4,321,000	3,200,000	3,200,000
Uruguay	156,968,000	100,000,000	95,000,000
All Other	5,000,000	5,000,000	5,000,000
Total	587,350,000	486,249,000	461,269,000
<u>EUROPE</u>			
Austria	15,360,000	.....	.....
Belgium	1,060,000	825,000	1,205,000
Bulgaria	23,700,000	17,802,335	17,636,800
Czechoslovakia .....	.....	5,952,420	5,952,420
Denmark	3,508,000	3,508,000	3,508,000
Finland .....	.....	3,250,000	3,250,000
France	80,688,000	39,400,000	39,400,000
Germany	25,300,000	37,272,242	42,975,000
Greece	14,000,000	16,000,000	16,000,000
Hungary	26,240,000	25,516,000	25,516,000
Iceland	1,980,000	1,930,000	1,980,000
Italy	35,000,000	50,000,000	50,000,000
Netherlands	3,556,000	5,500,000	5,500,000
Norway	8,160,000	7,247,000	7,247,000
Poland .....	.....	6,724,030	6,724,030
Portugal	10,000,000	6,232,000	6,232,000
Rumania	13,228,000	13,228,000	14,000,000
Russia	320,000,000	150,000,000	150,000,000
Spain	52,000,000	142,000,000	165,347,000
Sweden	6,060,000	5,354,000	5,354,000
Switzerland	1,049,000	1,049,000	800,000
Turkey	28,000,000	.....	.....
United Kingdom	150,000,000	100,000,000	101,100,000
Yugoslavia	25,446,000	48,859,000	23,800,000
Total Europe	844,635,000	687,705,057	693,527,250
<u>ASIA</u>			
British India	60,000,000	60,000,000	60,000,000
China	50,000,000	50,000,000	50,000,000
Persia	12,146,000	12,146,000	12,146,000

TABLE II, -CONT'D.

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WORLD PRODUCTION ^a OF WOOL, -CONT'D.

Countries.	Average annual pre-war pro- duction. ^b	Production in -	
		1920.	1921.
	Pounds.	Pounds.	Pounds.
<u>ASIA, -CONT'D.</u>			
Russia in Asia	60,000,000	45,000,000	45,000,000
Turkey in Asia	90,000,000	60,000,000	60,000,000
All Other	1,000,000	1,000,000	1,000,000
Total	273,146,000	228,146,000	228,146,000
<u>AFRICA</u>			
Algeria	35,221,000	33,184,000	33,184,000
British South Africa	157,761,470	127,176,800	127,176,800
Tunis	3,735,000	3,735,000	3,735,000
All Other	13,000,000	13,000,000	13,000,000
Total	209,717,470	177,095,800	177,095,800
<u>OCEANIA</u>			
Australia and Tasmania ..	705,146,000	536,541,757	631,290,000
New Zealand	198,474,000	181,480,000	167,153,000
Australasia	903,620,000	718,021,757	798,443,000
All Other	100,000	100,000	100,000
Total	903,720,000	718,121,757	798,543,000
Grand Total	3,151,888,470	2,625,447,145	2,608,445,050

a. Computed on greasy basis.

b. Average for years 1909 to 1913, inclusive.

